

2002

2003

2004

2005

2006

2007

2008

2009

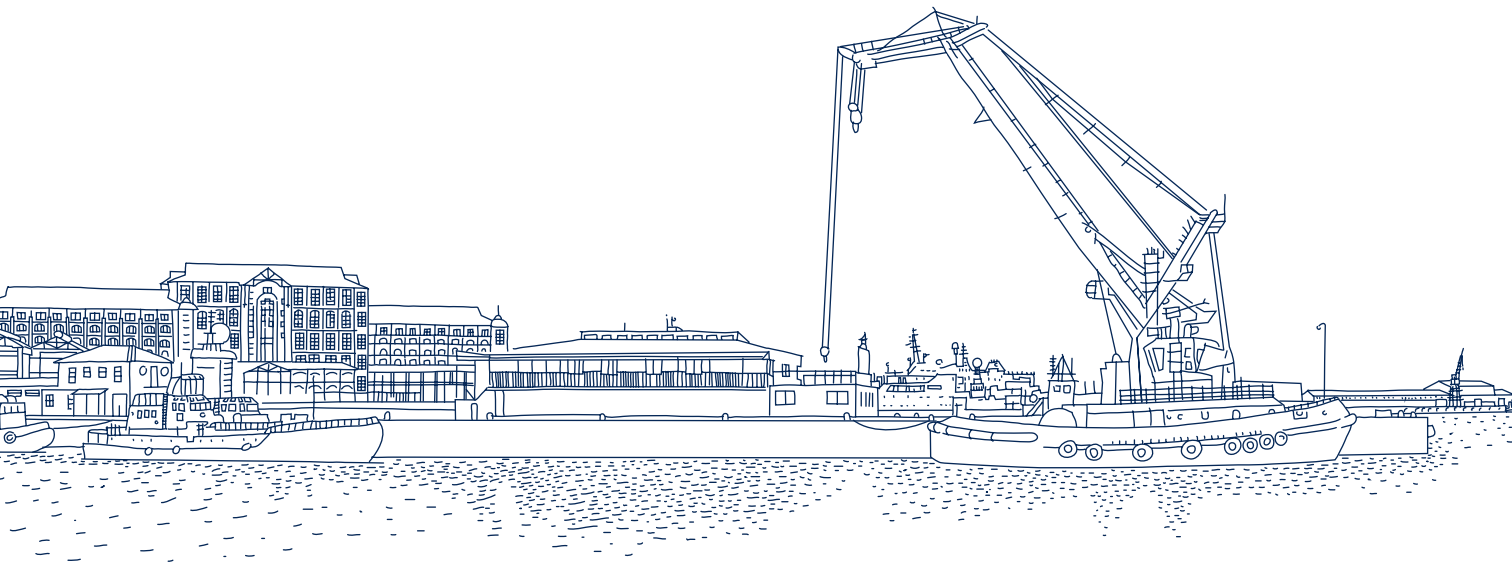
2010

2011

2012

2013

2014



## V&A Waterfront Economic Contribution

HEADLINE FINDINGS:  
January 2015 for the period April 2012 to March 2014





The V&A Waterfront is one of South Africa's foremost destinations - offering a multi-faceted place of commerce and leisure. It is not just a place to visit. It is a place to spend time at. It is an icon for international visitors and a regular attraction for locals. Capetonians are immensely proud of the V&A Waterfront. Apart from the tourism status, it has been the catalyst for the regeneration of the entire foreshore area.

In 2011, the V&A Waterfront Management Company appointed Stratecon, formerly EiS, to quantify the economic contribution that the V&A Waterfront made to the City of Cape Town, the Western Cape and the country as a whole.

That report was completed in 2013 and reported up to the end of the 2011/2012 financial year.

Further research was conducted for this update, covering the 2012/2013 and 2013/2014 financial years (the financial year runs April to March).

The findings have shown the V&A Waterfront's positive impact on job creation, economic stimulation, tourism revenue and property values. It highlights that the V&A Waterfront is a success story for the City of Cape Town, the Western Cape and South Africa, giving Capetonians a basis for their pride in this historic landmark.

*The effect on tourism numbers and revenue, and impact on property values were not updated in this research.*

key findings

The research showed that the V&A Waterfront has performed particularly strongly in some areas. Its contribution to nominal GDP has shown an ongoing and consistent growth in excess of 10% between 2002 and 2012 and again in the period 2012 to 2014. This is within an overall economy which is slowing down.

In the period measured (April 2012 to March 2014), the direct value added is the equivalent of 1.75% of the Western Cape GGP in 2014.

The most notable change in the period has been the increase in direct jobs, accelerating by almost 20% (over 3,000 direct jobs) between 2012 and 2014.

Growth in employment in South Africa will largely be fostered by growth of small business. The V&A Waterfront’s focus on enterprise development has led to meaningful growth in this sector too. The 181 small businesses at the V&A Waterfront not only create jobs, but also positively impact the economy through the number of products sourced and produced locally.

| Contribution by the V&A Waterfront to | 2002           | 2012          | 2014          |
|---------------------------------------|----------------|---------------|---------------|
| GDP (nominal)                         | R10.37 billion | R28.9 billion | R33.4 billion |
| GGP (nominal)                         | R8.99 billion  | R25.5 billion | R29.3 billion |
| Sustaining direct jobs                | 12 958 jobs    | 16 177 jobs   | 19 269 jobs   |
| Sustaining indirect jobs              | 9 687 jobs     | 16 263 jobs   | 16 894 jobs   |
| Enterprise development (tenants)      | Not measured   | 140           | 181           |

The research showed that future developments at the V&A Waterfront could contribute a further R223.7 billion to nominal GDP by 2027. There was an increase in total footfall from 21.5 million visitors in 2012 to 23.1 million in 2014 (7.6% increase).

The dramatic increase in the economic contribution of the V&A Waterfront is the result of an increase in the development of additional buildings — the No. 1 Silo (Allan Gray) building in particular — and higher turnover generated predominantly by retail tenants paying rents that are linked to turnover.



contribution to gross domestic product

The V&A Waterfront’s annual contribution to nominal GDP has increased consistently in excess of 10% for the past 12 years. This is particularly significant when measured against an economy that has had an average growth rate of 3% for the past 20 years.

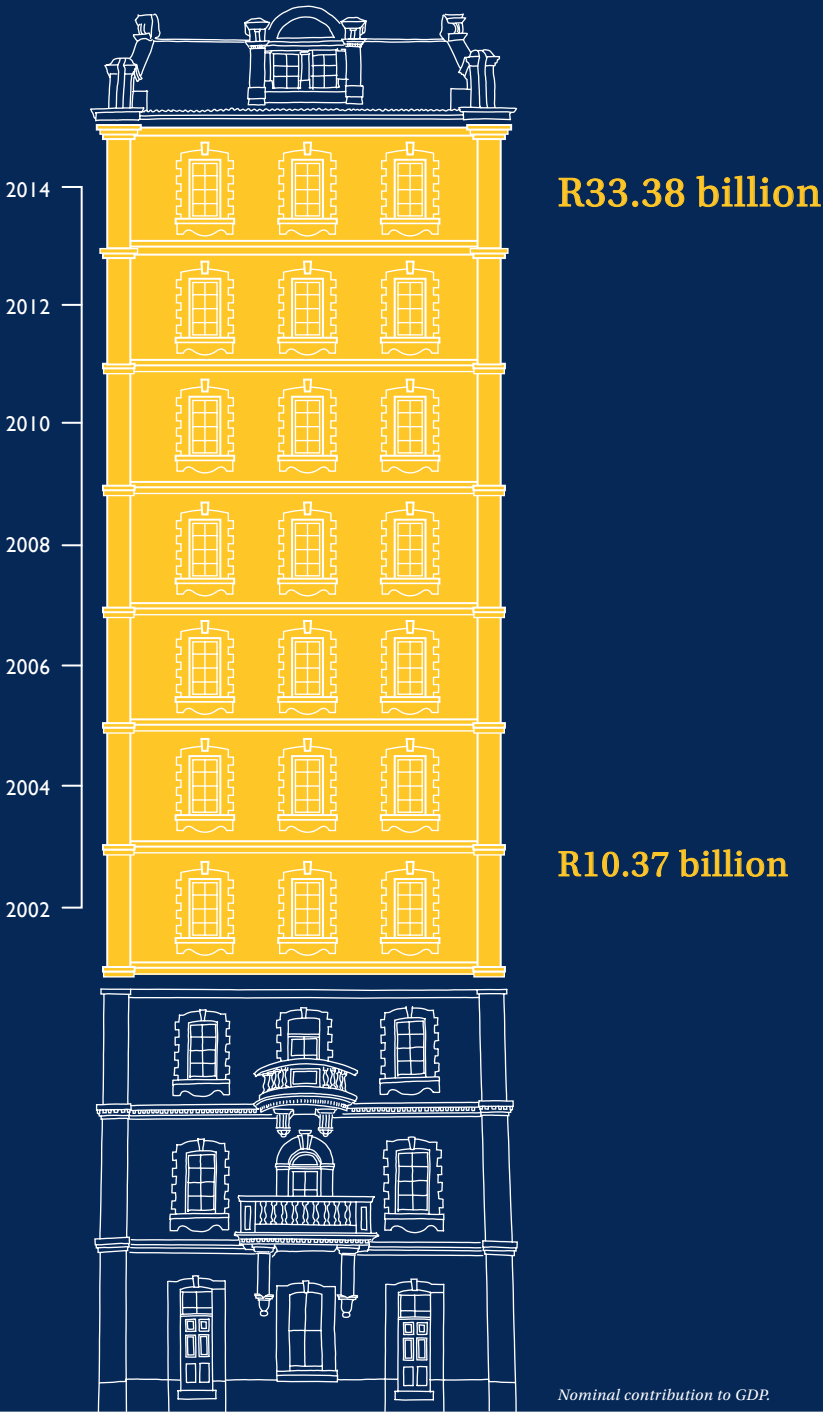
It is estimated that as at March 2014, the V&A Waterfront has contributed R259.1 billion, in nominal terms, to the South African economy since 2002.

In nominal terms this increased from R10.37 billion in 2002 to R33.38 billion in 2014. It increased in all years except in 2010 when it fell slightly from R22.6 billion in 2009 to R22.4 billion in that year, due to the global financial crisis.

In order to give some perspective to the rate of growth of the V&A Waterfront, the growth in its contribution to GDP was compared to economic sectors of relevance

to it and the economic growth in the province and the country. On average, the V&A Waterfront’s contribution to economic GDP grew by 4.7% between 2002 and 2014. The Western Cape retail and wholesale trade, catering and accommodation sector grew by 4.5%. The provincial finance, real estate and business services sector grew by 4.8%. The overall provincial economy grew by 3.8%. Tourism in the country grew by 2.1% and the overall economy grew by 3.3%.

Thus, the V&A Waterfront outperformed the country and province in all but one relevant sector.



R29.9 billion

2027

2025

2023

2021

2019

2017

2015

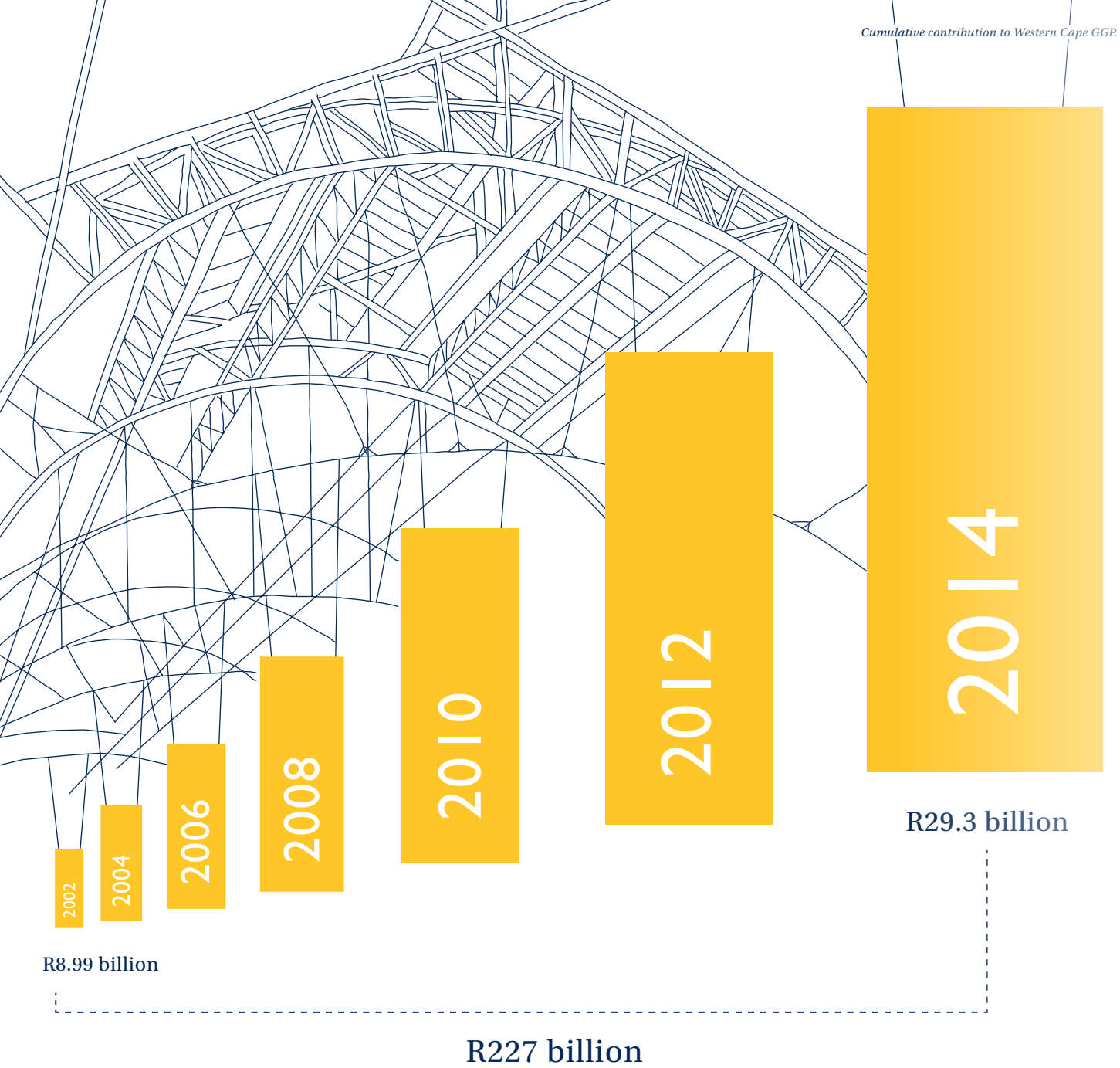
Expected nominal contribution to GDP by development.

## future expected contribution from new developments

In 2014, the V&A Waterfront's nominal contribution to GDP was R33.38 billion. The contribution to GDP from future development is anticipated to almost match this, with a forecast of a R29.9 billion contribution by 2027.

The new developments could contribute a cumulative R223.7 billion to nominal GDP by 2027.

Given the expected macroeconomic contribution of planned expansion, additional total jobs created nationally by future development at the V&A Waterfront are estimated to be 149 in 2015 and increase to 17 806 by 2027.



## gross geographic product

GGP is the provincial equivalent of GDP. The total contribution to Western Cape GGP increased from R8.99 billion in 2002 to R29.3 billion in 2014. Cumulatively, since 2002, business activities at the V&A Waterfront have added over R227 billion to Western Cape GGP.

There has been a consistent 11% increase year on year for the past 10 years. The direct value added is the equivalent of 1.75% of the Western Cape GGP in 2014.

job creation

The acceleration in job creation at the V&A Waterfront has been substantial. Between 2002 and 2012 there was a growth of direct job creation of 2% per annum, whereas from 2012 to 2014 this jumped up to almost 20%.

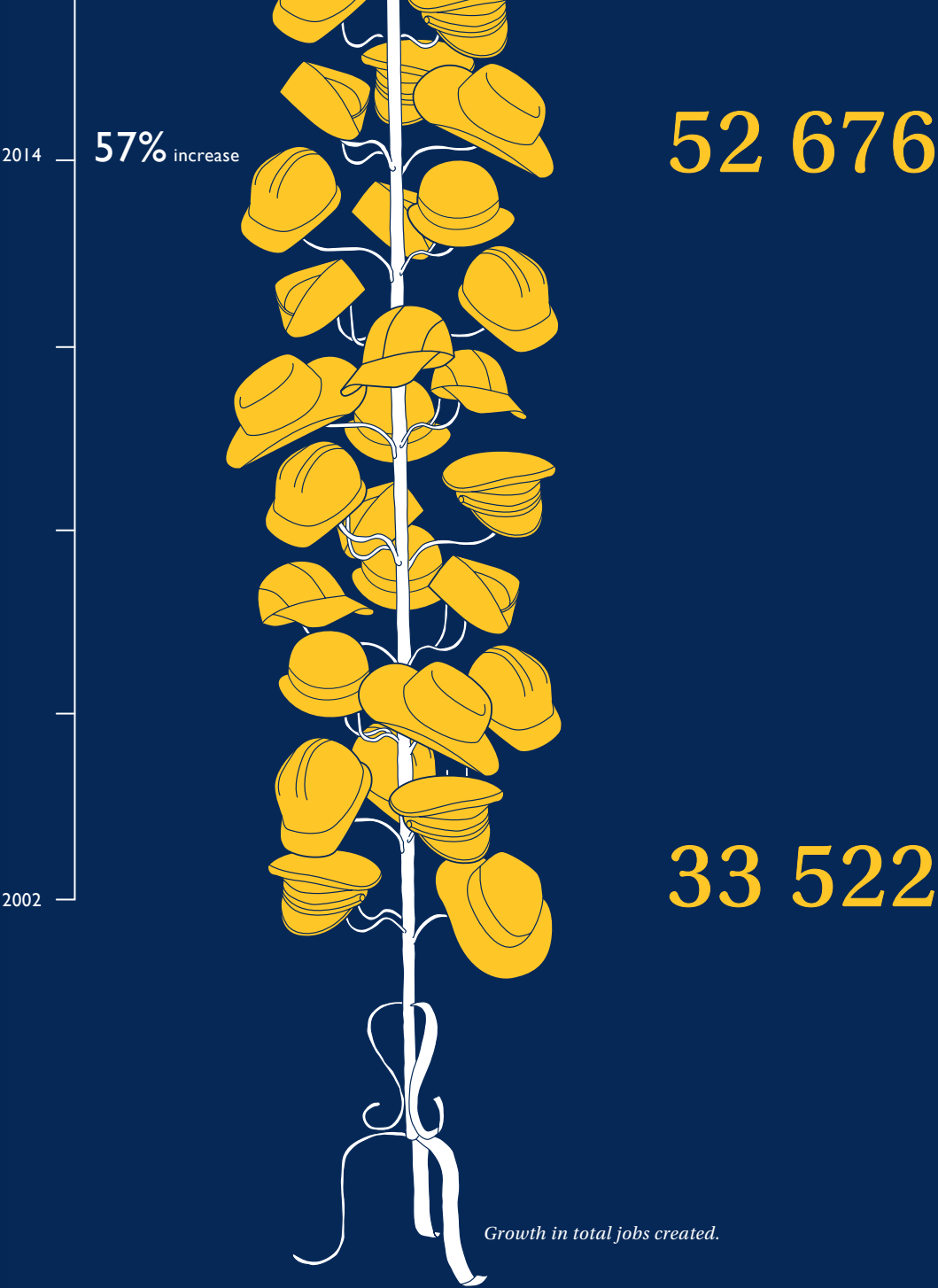
The total jobs created have increased by 57% since 2002.

The V&A Waterfront has created and/or sustained two kinds of jobs. The first are the direct jobs that were created as a result of the on-going operations and capital expenditure. The second are the indirect jobs resulting from multiplier effects of capital, operating expenditure and tenant turnover.

In 2014, capital expenditure generated 1 636 direct jobs. The V&A Waterfront Management Company employed 196 people and employment by companies supplying directly to the V&A Waterfront Company totalled 350 in 2014.

Since 2002, it is estimated that the V&A Waterfront added a nominal R65 billion to indirect household income.

|                            | 2002   | 2012   | 2014   |
|----------------------------|--------|--------|--------|
| Direct Jobs                | 12 958 | 16 155 | 19 269 |
| Indirect Jobs              | 9 687  | 16 263 | 16 894 |
| Total Jobs in Western Cape | 22 645 | 32 418 | 36 162 |
| Total Jobs in Country      | 33 378 | 46 640 | 52 676 |







A focus on growth and support of enterprise development retailers has seen great improvement in this critical area over the past two years.

## enterprise development

For economic growth in South Africa to occur, the government has placed job creation at centre stage, fostered in part by growth in small business.

The V&A Waterfront's commitment to enterprise development, through the development of small-scale craft into sustainable businesses, continues to be a focus, leading to meaningful growth in this sector.

As of March 2014, there were 181 small businesses at the V&A Waterfront. These businesses not only create direct jobs, but also impact the economy through the creation of indirect jobs, given the number of products sourced and produced locally.

The V&A Waterfront not only provides these businesses with a platform to operate, but also assists with training and development to help them succeed.

There have been a number of important structural changes in enterprise development over the last several years. In December 2012, the V&A Waterfront expanded its enterprise development footprint through the launch of the V&A Food Market adjacent to Nobel Square (in the old Musica building).

Although the V&A Food Market is operated by an individual tenant who, in turn, manages the 55 sub-tenant small and medium-sized enterprises, these SMEs will still have a significant impact on enterprise development at the V&A Waterfront.

In January 2014, work started on a dramatic internal and external renovation of the V&A Waterfront's Craft Market and Wellness Centre (previously known as the Blue Shed). The newly renovated building was officially launched in October 2014 and named the Watershed. This renovated building includes an additional 50% of space, and houses 150 traders, commercial offices, and 1 000m<sup>2</sup> of dedicated exhibition space.

The creation of the new Watershed building and its position as a talent incubator cements the V&A Waterfront's commitment to supporting entrepreneurs and creating the conditions for innovation to flourish. And the number of small businesses is set to grow; the larger Watershed will accommodate at least 40 new small business retailers.



# appendix 1: impact on property values

The research in 2013/2014 did not do an updated estimate on impacts by the V&A Waterfront on property values. Key findings from the 2012 research are below.

It was found that there is a price premium on property within a 1.5 km radius of the V&A Waterfront.

The total premium within each property type is R521 million, R547 million and R1.75 billion, respectively. In aggregate therefore, the V&A Waterfront has added R2.8 billion to the property values that surround it.

This is the equivalent of 23% above the values that would have existed in the absence of the V&A Waterfront.

23%

R2.8 billion - total value added to properties within 1.5 km of the V&A Waterfront.

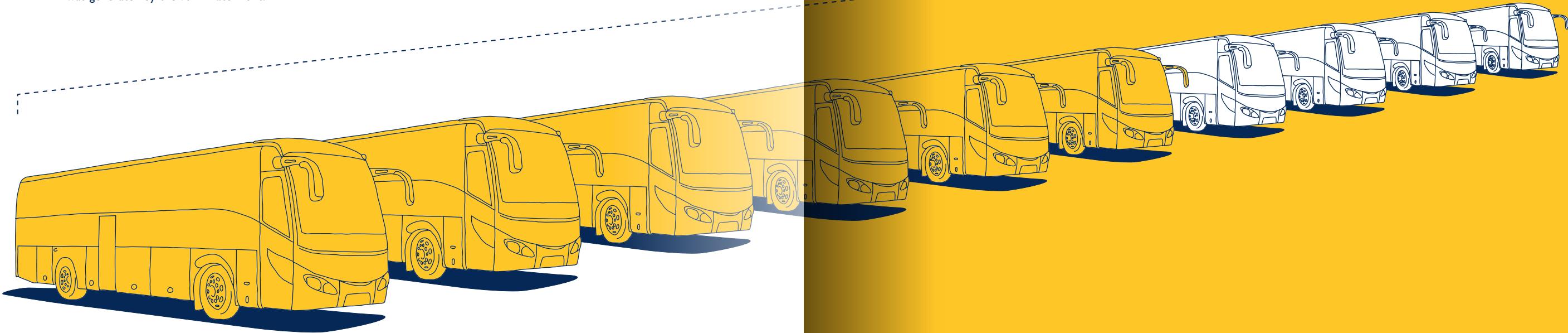


## appendix 2: tourism visitors and revenue

The updated research in 2013/2014 did not look into the updated contribution that the V&A Waterfront made to tourism. Below are key findings from the 2012 research, in which attractions within a 1 to 1.5 hour drive from the Cape Town CBD were analysed.

The V&A Waterfront made the top overall contribution to tourism and was ranked as the top attraction. It was found that in 2011 the V&A Waterfront accounted for 61% of all tourism visits. Furthermore, it contributed 34.7% to tourism from the total of the 19 attractions included in the analysis – based on tourism revenue generated, tourism numbers, readily available information, and comparative and competitive factors. It also found that 62% of revenue generated from these visits was generated by the V&A Waterfront.

62%



development history

|             |   |
|-------------|---|
|             | <p>The V&amp;A Waterfront welcomes more than 24 million visitors annually. It is jointly owned by Growthpoint Properties Limited and the Government Employees Pension Fund (GEPF), represented by the Public Investment Corporation Limited (PIC). It was developed in 1988 by the state-owned transport corporation, Transnet Limited.</p> |
| 1860 – 1920 | <p>Construction took place in the working harbour to extend the Alfred Basin to include the Victoria Basin. The discovery of gold and diamonds in South Africa led to this development.</p>   |
| 1988        | <p>The V&amp;A Waterfront was established in 1988 by the state-owned transport corporation, Transnet Limited.</p>   |
| 1989        | <p>Official commercial trading commenced at the V&amp;A Waterfront.</p>   |
| 1990        | <p>The Pierhead Precinct was added to the V&amp;A Waterfront property. It included restaurants, taverns, speciality shopping, the V&amp;A Hotel, a theatre, arts and craft market as well as the National Maritime Museum.</p>  |
| 1991 - 1992 | <p>The Victoria Wharf Shopping Centre was opened following completion of the first section of the Victoria Wharf retail and entertainment centre. The UCT Graduate School of Business opened. Building of the Ulundi parking garage and Portswood Ridge offices commenced.</p>  |
| 1994 – 1995 | <p>Portswood Square Office Park was completed. The BMW Pavilion, Two Oceans Aquarium, Portswood Hotel, The Commodore Hotel and City Lodge opened.</p>   |
| 1995 – 1996 | <p>The Victoria Wharf Shopping Centre extension was completed. The Table Bay Hotel and Cape Grace Hotel opened.</p>   |

|             |  |
|-------------|--|
|             | <p>The Clock Tower Precinct was completed: including the the Nedbank offices (formerly BoE), Nelson Mandela Gateway, Clock Tower retail and office complex. Phase One of the V&amp;A Marina residential development commenced.</p>   |
| 1999 – 2000 |  |
| 2003 – 2006 | <p>BP SA Head Office, the extension of Pick n Pay and Edgars, and Phase Two of the Marina residential development commenced.</p>   |
| 2006 – 2009 | <p>The Victoria Wharf Shopping Centre's new luxury wing was launched. The Breakwater parking garage, the Dock House Hotel and the One &amp; Only Hotel opened to the public.</p>   |
| 2011        | <p>The boutique five-star Queen Victoria Hotel opened in June 2011. The Clock Tower Shopping Centre refurbishment was completed in August 2011 which included a refreshed retail offering and triple-A grade office space. Building of the No.1 Silo commenced.</p>  |
| 2012        | <p>The full redevelopment of the Food Court in the Victoria Wharf.</p>   |
| 2013        | <p>No.1 Silo commercial development and No.2 Silo residential development completed. Respectively awarded a six-star Green Star SA rating and a four-star Green Star SA rating for design.</p>   |
| 2014        | <p>Work started on developing the historic and unused grain silos into what will become the Zeitz MOCAA (Museum of Contemporary Art Africa). The Watershed opened its doors, and the Ports Edge long-term residential units opened for occupation. The V&amp;A Waterfront was awarded the Responsible Tourism Global Destination Award at the World Travel Market in London. The business also celebrated its 25th anniversary of trading.</p> |

# contact details

## PR & COMMUNICATIONS

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